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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

PURDUE PHARMA L.P., et al.,

Debtors.¹

Chapter 11

Case No. 19-23649 (RDD)

(Jointly Administered)

**DECLARATION OF JON LOWNE IN SUPPORT OF MOTION OF DEBTORS FOR
ENTRY OF AN ORDER (I) AUTHORIZING THE REJECTION OF COMMERCIAL
LEASE, (II) AUTHORIZING ENTRY INTO NEW HEADQUARTERS LEASE,
(III) AUTHORIZING THE ASSUMPTION OF COMMERCIAL LEASES
AND (IV) GRANTING RELATED RELIEF**

I, Jon Lowne, being fully sworn, hereby declare that the following is true to the best of my
knowledge, information and belief:

¹ The Debtors in these cases, along with the last four digits of each Debtor's registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Avrio Health L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF L.P. (0495), SVC Pharma L.P. (5717) and SVC Pharma Inc. (4014). The Debtors' corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

1. I am a Senior Vice President and the Chief Financial Officer of Purdue Pharma L.P. (“PPLP” and, collectively with each of the other above-captioned debtors, the “**Debtors**,” the “**Company**” or “**Purdue**”). I was first employed by Purdue as Senior Internal Auditor in 1995 and gained increasing responsibility in the Company’s finance team over time, including as Controller from 2005 to July 2017, and then as Acting Chief Financial Officer from August 2017 to February 2018. Since March 2018, I have been the Chief Financial Officer of PPLP. I am familiar with the day-to-day operations, business and financial affairs of the Debtors.

2. I submit this declaration (this “**Declaration**”) in support of the *Motion of Debtors for Entry of an Order (I) Authorizing the Rejection of Commercial Lease, (II) Authorizing Entry into New Headquarters Lease, (III) Authorizing the Assumption of Commercial Leases and (IV) Granting Related Relief* (the “**Motion**”).² I am authorized to submit this Declaration on behalf of the Debtors.

3. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, or my opinion based upon experience, knowledge and information concerning the operations of the Debtors. If called upon to testify, I would testify competently to the facts set forth in this Declaration.

4. Purdue’s corporate headquarters is located at One Stamford Forum, an office building located at 201 Tresser Boulevard, Stamford, CT 06901 (“**One Stamford Forum**”). One Stamford Forum contains approximately 425,439 rentable square feet of office space on nine floors, plus a plaza, data center and parking areas, for a total of 504,471 square feet. One Stamford Forum

² Capitalized term used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

is owned by One Stamford Realty L.P. (“**OSR**”), which is beneficially owned by the Debtors’ existing shareholders. I understand that OSR requires its mortgage lender’s consent to enter into new leases with the Debtors and other tenants.

5. PPLP is the tenant under that certain lease, dated as of April 6, 2006, by and between OSR and PPLP (the “**Existing PPLP Lease**”), pursuant to which PPLP leases all of floors nine, ten and P-3, the entire plaza floor, and portions of floors P-1 (including but not limited to the data centers) and P-2 of One Stamford Forum from OSR. The Existing PPLP Lease will expire on December 31, 2020. PPLP is also the subtenant under that certain sublease, dated as of August 10, 2009, by and between UBS AG (“**UBS**”) and PPLP (the “**UBS Sublease**”), pursuant to which PPLP subleases floors three through eight of One Stamford Forum from UBS. The UBS Sublease will expire on December 30, 2020. PPLP has various subtenants for floors three through six and part of floor nine.

6. The Debtors are current on all of their obligations under the Existing PPLP Lease and UBS Sublease. I do not believe that there is any foreseeable scenario in which the Debtors would seek to terminate or exit the Existing PPLP Lease or UBS Sublease prior to the expiration thereof.

7. In addition, PPLP is the tenant under that certain lease, dated December 18, 2015 (as amended on January 14, 2016, the “**Headquarters Wrap Lease**”),³ with OSR as landlord, which demises the entirety of One Stamford Forum. The Headquarters Wrap Lease commences on January 1, 2021 and will expire on June 30, 2031, unless extended.

³ Any description of the Headquarters Wrap Lease herein is qualified in its entirety by reference to the copy of the Headquarters Wrap Lease attached to the Motion as Exhibit B.

8. In 2017 and 2018, the Debtors' overall employee headcount, exclusive of Debtor Rhodes Associates L.P. and its direct and indirect subsidiaries, was reduced by over 1,000 employees—a 67% reduction—and the workforce has continued to contract since 2018.⁴ I believe that the Debtors currently require approximately 100,000 square feet of space given their current headcount. The Headquarters Wrap Lease would obligate the Debtors to lease 425,439 square feet plus ancillary spaces. I believe that a lease for all of One Stamford Forum would be unnecessary and unduly burdensome to the Debtors' estates. Furthermore, I do not believe that the Debtors could profitably sublet the excess space, given the prevailing Stamford commercial market, the rental rate under the Headquarters Wrap Lease, and, most importantly, the cost of vacancies and the upfront costs related to broker commissions, free rent and tenant improvement allowances.

9. I believe that it is critical to move quickly to secure an alternative to the Headquarters Wrap Lease. The deadline to assume or reject the Headquarters Wrap Lease is April 13, 2020, and OSR has confirmed that it will not agree to any further extensions of this deadline. The Debtors will therefore be compelled to make a final decision with respect to the Headquarters Wrap Lease well before the end of 2020. If the Debtors were to leave One Stamford Forum, I believe that approximately ten (10) months of lead time would be necessary to identify a suitable alternative, negotiate a lease and plan out the new offices. I believe that any relocation without careful advance planning would be highly disruptive to operations and to the lives of the Debtors' employees. Likewise, I believe that a move to an undesirable location would have material adverse consequences for the Debtors' workforce.

10. The Debtors have negotiated a replacement lease (the “**2021 Headquarters Lease**”) between PPLP, as tenant, and OSR, as landlord. I believe the 2021 Headquarters

⁴ Similarly, Stamford headcount reduced from 540 at the end of 2016 to 190 by the end of 2019 (a 68% reduction).

Lease represents an attractive lease for the Debtors to remain in One Stamford Forum after the end of this year. The 2021 Headquarters Lease is a three-year lease with a term commencing on January 1, 2021 for the ninth and tenth floors (103,733 square feet in total) of One Stamford Forum, which the Debtors currently occupy, along with a portion of certain ancillary spaces described above. I believe that the space is sufficient for the Debtors to consolidate their current footprint. The total rent for the three-year lease is expected to be approximately \$16.7 million. I confirmed with our real estate broker, CB Richard Ellis, that the rent per square foot and the calculation of rentable square footage under the 2021 Headquarters Lease is consistent with the market for similar buildings in the area. By contrast, rent under the Headquarters Wrap Lease would be \$14.5 million in 2021 and \$17.3 million in 2022 (both net of sublease income), and the lease would continue to run for another eight and a half years (to June 30, 2031). Because the Debtors will remain in One Stamford Forum, they will not incur any material moving costs or risk disruptions to their operations. In addition, I believe a move even 20 or 30 minutes away from the current location could create a risk of destabilizing the company. A move out of state would not be feasible.

11. Notably, because the 2021 Headquarters Lease is for only three years, management would be expected to have the opportunity to reevaluate the Company's location post-emergence. No other landlord was willing to offer a lease term shorter than 10 years. In order to reach agreement with OSR on the tenor of the 2021 Headquarters Lease and the other terms thereof, the Debtors agreed that OSR may terminate such lease on twelve (12) months' notice. Because Purdue would require approximately ten (10) months between identifying a suitable alternative location and consummating a move of their headquarters, and because I believe that Purdue will be better able to negotiate market leases with willing landlords post-bankruptcy, I believe that OSR's 12-month termination right does not create an unacceptable risk to the business.

12. The negotiation of the terms of the 2021 Headquarters Lease was conducted at arm's length. Because One Stamford Forum is beneficially owned by the Sackler family, the terms of the lease have been reviewed, and entry into the lease approved, by the independent Special Committee of PPLP's Board of Directors. I understand that OSR required the consent of its mortgage servicer to enter into the 2021 Headquarters Lease.

13. I, in conjunction with other members of the Debtors' management team and advisors, including Purdue's broker, CB Richard Ellis, actively explored and carefully considered alternatives to space in One Stamford Forum in parallel with negotiations with OSR. In conjunction with CB Richard Ellis, the Debtors identified and made inquiries regarding six potentially suitable and available locations. Of these, four landlords either did not respond or indicated that they were unwilling to lease space to Purdue. The Debtors entered into negotiation with respect to two potential locations. One of these was a sublease where the tenant was unable to obtain the landlord's consent to the Debtors leasing the space. The other location contained a number of unattractive terms, including (i) a 10-year term and (ii) a security deposit of approximately \$12 million. I do not believe that this landlord was prepared to materially improve this offer. In addition, the Debtors estimated that moving to that location would have required the expenditure of approximately \$7.1 million in fit-out and moving costs. The Debtors determined that remaining at One Stamford Forum under the terms of the 2021 Headquarters Lease was the superior option.

14. PPLP currently sublets a portion of the ninth floor of One Stamford Forum to its direct shareholder, Pharmaceutical Research Associates L.P. ("**PRA**"), pursuant to that certain Sublease, dated as of July 1, 2018 (the "**PRA Sublease**"). In order to enable the Debtors to fit out the entire ninth floor for their use before January 1, 2021, PPLP and PRA have agreed to enter into

the Surrender Agreement, pursuant to which PRA will relinquish its rights under the PRA Sublease and vacate the subleased premises effective as of July 31, 2020.

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15. I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Executed: January 31, 2020

By: /s/ Jon Lowne
Jon Lowne
Senior Vice President and Chief
Financial Officer